

Message Text

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ACTION AF-04

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FM AMEMBASSY ABIDJAN

TO SECSTATE WASHDC NIACT IMMEDIATE 3166

C O N F I D E N T I A L ABIDJAN 3718

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LIMDIS

AF/W FOR BISHOP

E.O. 11652: GDS

TAGS: EEXP, IV

SUBJECT: LANG AFRIQUE/SODESUCRE CONFLICT

REF: A) ABIDJAN 3341, B) ABIDJAN 3034, C) ABIDJAN 2799

1. TODAY DCM RECEIVED CALL FROM PARIS FROM JOHN CRAWFORD, "FACT FINDER" SENT BY DAVID MORSE TO SEEK RESOLUTION OF LANG AFRIQUE/ SODESUCRE CONFLICT. CRAWFORD SAID THAT DAVID MORSE HAD RECEIVED TWO TELEPHONE CALLS FROM HOUSTON ON MAY 2: A. FIRST CALL WAS FROM ISC BOARD CHAIRMAN KENNEALLY, WHO INFORMED MORSE THAT HE HAD INSTRUCTED HARLEY STEIN OF ISC TO STOP WORK ON FERKESSEDOUGOU SUGAR PROJECT AND COMPLETELY CLOSE DOWN OPERATION. B. SECOND CALL WAS FROM HOFKAR AND STEIN EXPLAINING THE REASON FOR KENNEALLY STOP-WORK ORDER: LANG OWES ONE MILLION DOLLARS TO VENDORS FOR EQUIPMENT PURCHASED FOR FERKESSEDOUGOU PROJECT AND VENDORS REFUSE TO SHIP EQUIPMENT UNTIL THEY ARE PAID SUBSTANTIAL AMOUNT OF MONEY OWING; LANG ESTIMATES AN ADDITIONAL ONE MILLION DOLLARS IS NEEDED TO COMPLETE PROJECT AND ISC BANKERS REFUSE TO ADVANCE ANY MORE MONEY TO ISC OR LANG TO FINISH JOB AND ADVISED ISC NOT TO SINK ANY MORE FUNDS INTO PROJECT.

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WM ACCORDING TO CRAWFOR, HOFKAR IS STALLING ON IMPLEMENTATION

OF KENNEALLY'S ORDER UNTIL HE HEARS WHETHER MORSE IS ABLE TO CONVINCE KENNEALLY OVER WEEKEND TO REVERSE HIS POSITION.

3. CRAWFORD ALSO TELEPHONED SAWADOGO TODAY TO INFORM HIM OF KENNEALLY'S ORDER TO STEIN. MINISTER SAWADOGO TOLD CRAWFORD HE WOULD DISCUSS MATTER WITH SODESUCRE OFFICIALS AND WOULD CALL HIM BACK MONDAY, MAY 5.

4. DCM SPOKE WITH MINISTER SAWADOGO TODAY TO ASCERTAIN HIS REACTION TO ABOVE. MINISTER INDICATED THAT BUYING ADDITIONAL TWO OR THREE WEEKS' TIME AS RESULT OF SUSPENSION OF KENNEALLY ORDER WAS NOT THE MAJOR ISSUE. RATHER QUESTION WAS WHETHER LANG IS ABLE AND WILLING TO FINISH PROJECT. HE DID NOT ELABORATE FURTHER THERON, OTHER THAN TO SAY HE WOULD CONTACT EMBASSY MONDAY.

5. COMMENT: EMBASSY DOUBTS THAT ELEVENTH HOUR EFFORT TO STAVE OFF KENNEALLY TERMINATION ORDER WILL BE SUCCESSFUL. WE BELIEVE POSSIBILITY EXISTS GOIC WILL FINALLY CONCLUDE/DECIDE THAT THEY WISH NO FURTHER DEALINGS OR "THREATS" FROM ISC/LANG AFRIQUE. FURTHERMORE, EMBASSY'S CONTINUED INTERPOSITION BETWEEN CONTENTING PARTIES COULD WELL BECOME COUNTERPRODUCTIVE AT THIS STAGE, I.E., WE RUN THE RISK OF BEING PERCEIVED AS GUARANTEEING LANG AFRIQUE'S PERFORMANCE, AND WE HAVE SERIOUS DOUBTS WHETHER LANG -- EVEN IF THEY WERE TO AGREE TO CONTINUE WORK -- WOULD ULTIMATELY COMPLETE THE PROJECT TO GOIC SATISFACTION. ALSO, LIKELIHOOD OF LANG AFRIQUE ACTION TO WITHDRAW FROM PROJECT DOES NOT COME AS GREAT SURPRISE TO GOIC. BE THAT AS IT MAY, WE DO NOT WISH TO LEAVE DAVID MORSE OUT ON A VERY TENEUOUS LIMB AND PROPOSE THAT DEPARTMENT CONTACT HIM ASAP TO ASCERTAIN HOW HIS DISCUSSIONS WITH KENNEALLY ARE PROCEEDING AND WHETHER AND HOW DEPARTMENT AND EMBASSY MIGHT BE OF HELP. SOLE EMBASSY AND USG OBJECTIVE AT THIS CRITICAL STAGE IS DAMAGE LIMITING. THREAT OF TERMINATION OF CONTRACT BY LANG COMES AT OMST INOPPORTUNE MOMENT SINCE SEVERAL US COMPANIES ARE BIDDING OR NEGOTIATING SUBSTANTIAL CONTRACTS IN IVORY COAST: RAILROAD FEASIBILITY STUDY, TAABO DAM, AND ADDITIONAL SUGAR COMPLEXES. WE RELUCTANTLY CONCLUDE THAT THIS MOST LIKELY THE END OF THE ROAD FOR LANG AFRIQUE IN IVORY COAST AND WE MUST MAKE EVERY EFFORT TO ASSURE THAT THIS INCIDENT DOES NOT ADVERSELY IMPACT ON FUTURE ACTIVITIES HERE OF US FIRMS.

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